MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, NOVEMBER 3, 2014:

A meeting of the Finance Committee of the Palmdale Water District was held Monday, November 3, 2014, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Dizmang called the meeting to order.

1) Roll Call.

Attendance:
Finance Committee:
Gloria Dizmang, Chair
Vincent Dino, Committee Member

Others Present:
Dennis LaMoreaux, General Manager
Matt Knudson, Assistant General Manager
Mike Williams, Finance Manager
Gene Taylor, Customer Service Supervisor
Dennis Hoffmeyer, Senior Accountant
Bob Egan, Financial Advisor
Dawn Deans, Executive Assistant
0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Dino, seconded by Chair Dizmang, and unanimously carried to adopt the agenda, as written.

3) Public Comments.

There were no public comments.

4) Action Items:

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held October 6, 2014.

It was moved by Committee Member Dino, seconded by Chair Dizmang, and unanimously carried to approve the minutes of the Finance Committee meeting held October 6, 2014, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of September 30, 2014. (Financial Advisor Egan)

Financial Advisor Egan reviewed the investment funds and cash flow reports as of September 30, 2014 and overall cash decrease due to the bond payment, prepaid insurance, and a GAC payment and stated that some capital expenditures have been carried forward to 2015 affecting the year-end budget balance.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for September 30, 2014. (Finance Manager Williams)

Finance Manager Williams reviewed the balance sheet, profit and loss statement, year-to-year comparisons, month-to-month comparisons, consumption comparisons, and revenue and expense analysis reports for the period ending September 30, 2014, along with the graphic presentations for these reports, and then stated that some departments are above the targeted expenditure percentage of 75%, but no expenditures are out of the ordinary followed by discussion of GAC costs and revenue reductions due to conservation.

4.4) Discussion and Overview of Committed Contracts Issued and Water Revenue Bond Projects. (Assistant General Manager Knudson)

Assistant General Manager Knudson reviewed the status of engineering projects included in the Committed Contracts and Payout Schedule, including those projects contractually committed, budgeted projects, payments for projects funded from the Water Revenue Series 2013A Bonds, and projects carried over to 2015 followed by discussion of the EPA grant funds.

4.5) Discussion and Overview of Draft 2015 Budget. (Finance Manager Williams)

Finance Manager Williams reviewed revisions to the updated 2015 Budget worksheets including anticipated revenue with a 5.5% rate increase, the reduction in cash operating expenses, cost of living adjustment, 2014 year-end projections, project inclusion adjustments, lease payments and the Rate Assistance Program, capital projects, and GAC replacements followed by discussion of employee PERS contributions, meeting debt service coverage, the Proposition 218 cost, the need for rate increases, restructuring of the water rates resulting in a 3.5% overall increase rather than the full 5.5% rate increase, scheduling Board briefings to review the 5.5% cap and debt service coverage obligations, the 30% reduction in the Water Quality Fee, staff's $2 million cut to the 2015 Budget

compared to the 2014 Budget, conveying the budget to the public, and developing Board talking points.

5) Information Items.

5.1) Comparison of Fees and Charges for Similar-Sized Water Districts. (Finance Manager Williams)

Customer Service Supervisor Taylor reviewed the updated Comparison of Water Districts Charges chart, and after a brief discussion of the chart and of other district's charges, staff was directed to add a profile of the number of connections, annual amount of water sold, and cost of water per unit for the comparing districts to the chart for discussion at the next meeting.

5.2) Other.

Finance Manager Williams stated that distribution of the Customer Satisfaction Survey began this month and will continue through November; that printed Surveys will be included with bills beginning November 6; and that customers can also participate in the Survey by telephone and via the website.

He then stated that Starnik has begun the reprogramming process for the updated water rates and structure.

Final approval and presentation of the 2015 Budget to the Board was then discussed.

There were no additional information items.

6) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

It was then stated that the next Finance Committee meeting will be held December 8, 2014 at 10:30 a.m.

7) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned.

Chair